



Form

*Employer's Annual Federal
Unemployment (FUTA) Tax Return*



Form 940 - Introduction

The Federal Unemployment Tax Act (FUTA)

- Fed/state cooperation to establish and administer the unemployment tax program
- Pays unemployment compensation to workers who have lost their jobs
- Report federal FUTA tax annually on Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*



Form 940 – FUTA Employers

- Pay wages of \$1,500 or more in any calendar quarter to employees or
- Have one or more employees at any time in each of 20 or more calendar weeks -- consecutive or not
- Pay the tax and file Form 940

Note: It is possible not to be an employer for FUTA taxes and still be an employer for Social Security and Medicare tax or for withholding income tax



Form 940 – FUTA Employees

- The rules used for the Social Security and Medicare tax to determine who is an employee also apply to FUTA
- Pub. 15 has charts of special classes of employment to show which employees are covered by or exempt from FUTA tax



Form 940 – FUTA Wages

FUTA tax wages include

- **money**
- **other forms of payment to employees**



Form 940 – FUTA Tax Rate

FUTA tax rate

- Use current year rate
- On the wage limit for the year
- Paid to each employee during the year



Form 940 – FUTA Tax Credit

FUTA tax credit

- Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds
- Maximum credit is 5.4% of taxable FUTA wages

**Employer's Annual Federal
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OMB No. 1545-1110

2001

▶ See separate instructions for Form 940-EZ for information on completing this form.

**You must
complete
this section.** ▶

Name (as distinguished from trade name)

Calendar year

Trade name, if any

Address and ZIP code

Employer identification number

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Answer the questions under **Who May Use Form 940-EZ** on page 2. If you cannot use Form 940-EZ, you must use Form 940.

- A** Enter the amount of contributions paid to your state unemployment fund. (see separate instructions) . . . ▶ \$
- B** (1) Enter the name of the state where you have to pay contributions ▶
- (2) Enter your state reporting number as shown on your state unemployment tax return ▶

If you will not have to file returns in the future, check here (see **Who Must File** in separate instructions), and complete and sign the return. ▶ ☐

If this is an Amended Return, check here ▶ ☐

Part I Taxable Wages and FUTA Tax

1 Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1		
2 Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2		
3 Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. (see separate instructions)	3		
4 Add lines 2 and 3	4		
5 Total taxable wages (subtract line 4 from line 1) ▶	5		
6 FUTA tax. Multiply the wages on line 5 by .008 and enter here. (If the result is over \$100, also complete Part II.)	6		
7 Total FUTA tax deposited for the year, including any overpayment applied from a prior year	7		
8 Balance due (subtract line 7 from line 6). Pay to the "United States Treasury." ▶	8		
If you owe more than \$100, see Depositing FUTA tax in separate instructions.			
9 Overpayment (subtract line 6 from line 7). Check if it is to be: <input type="checkbox"/> Applied to next return or <input type="checkbox"/> Refunded ▶	9		

Part II Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 6 is over \$100.

Quarter	First (Jan. 1 – Mar. 31)	Second (Apr. 1 – June 30)	Third (July 1 – Sept. 30)	Fourth (Oct. 1 – Dec. 31)	Total for year
Liability for quarter					

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions page 4)? ☐ Yes. Complete the following. ☐ No

Designee's name ▶ Phone no. ▶ () Personal identification number (PIN) ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Signature ▶ Title (Owner, etc.) ▶ Date ▶

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

▼ DETACH HERE ▼

Cat. No. 10983G

Form **940-EZ** (2001)**Form 940-EZ Payment Voucher**

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Use this voucher only when making a payment with your return.

Complete boxes 1, 2, and 3. Do not send cash, and do not staple your payment to this voucher. Make your check or money order payable to the "United States Treasury." Be sure to enter your employer identification number, "Form 940-EZ," and "2001" on your payment.

1 Enter your employer identification number.	2 Enter the amount of your payment. ▶	Dollars	Cents
	3 Enter your business name (individual name for sole proprietors).		
	Enter your address.		
	Enter your city, state, and ZIP code.		



Form 940 – FUTA Deposits

When

- Last day of first month after the quarter ends if \$100 or more has accumulated
- By January 31 with your return if less than \$100

How

- Electronic funds transfer (EFTPS) or
- In authorized financial institution using Form 8109, *Federal Tax Deposit Coupon*



Need More Information?

- Publication 15 - *Employers' Tax Guide*
- Publication 15-A - *Employers' Supplemental Tax Guide*
- Form 941 Instructions
- Form 940 Instructions
- 1-800-829-4933 Business and Specialty Tax Line